



Modifications to the RPS Regulations for POUs

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Joint Staff Workshop
California Energy Commission
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Presentation Agenda

- Housekeeping
- Purpose of Joint Staff Workshop
- RPS Regulations Background
 - Senate Bill (SB) 591
 - Pre-Rulemaking Phase
 - Formal Administrative Procedure Act (APA)
Rulemaking Phase
- Proposed Modifications to Regulations
- Presentation from ARB
- Next Steps



Housekeeping

- Handouts on desk at room entrance
- Restrooms located on 1st floor
- Snack bar on 2nd floor
- Several restaurants within walking distance
- Emergency evacuation procedures
- WebEx
 - For interactive participation
- This presentation will be available on California Energy Commission's website



Housekeeping, continued

- Comments in person: Fill out blue card and hand it in; we will call you to the podium
- Comments via WebEx: Use the “raise hand” feature; we will un-mute you when it is your turn
- Comments via phone: We will un-mute all phone lines at end of comment period – please only un-mute your phone to ask a question
- Written comments: Submit according to directions in Notice of Proposed Action available at http://www.energy.ca.gov/portfolio/pou_rulemaking/2014-RPS-01/



Purpose of Joint Staff Workshop

- Discuss the rulemaking process and Proposed Modifications to RPS Regulations for POUs and the potential development of an RPS penalty regulation
- Encourage and facilitate public participation
- Receive oral and written comments on Proposed Modifications and potential RPS penalty regulations



RPS REGULATIONS BACKGROUND



Senate Bill 591

- Effective January 2014
- SB 591 establishes a limited procurement exemption for a POU that receives greater than 50% of its annual retail sales from its own qualifying hydro generation
- If criteria satisfied POU may limit RPS procurement for a given compliance period to lesser of 1) retail sales not met by its own hydro generation, 2) RPS procurement target applicable to other POUs, or 3) amount of procurement capped by POU's adopted cost limitations



Pre-Rulemaking Phase

- Order Instituting Rulemaking adopted March 12, 2014
- Workshop held July 11, 2014
 - 15 sets of written comments received



Formal APA Rulemaking Phase

- Initiated March 27, 2015 – Office of Administrative Law (OAL) published NOPA in the California Regulatory Notice Register
- Rulemaking documents posted on Energy Commission's website and made available to the public for review and comment
 - Notice of Proposed Action (NOPA)
 - Proposed Modifications to Regulations (also called Express Terms)
 - Initial Statement of Reasons (ISOR)
 - Supporting Materials for Economic and Fiscal Impact Statement and Assessment



Formal APA Rulemaking Phase, continued

- NOPA
 - Notice of staff workshop/hearing and adoption hearing; public comment instructions; availability of documents
- ISOR
 - Rationale for all proposed modifications to regulations under rulemaking
- Supporting Materials for the Economic and Fiscal Impact Statement and Assessment
 - Total annual fiscal impact to POUs estimated to be \$7,154



Formal APA Rulemaking Phase, continued

- During formal APA rulemaking phase, all oral and written comments are recorded and included in the rulemaking file
- Energy Commission Adoption Hearing for Proposed Regulations scheduled for June 10, 2015
- Once completed, final rulemaking package submitted to OAL for approval



Rulemaking Document Availability

- Copies of rulemaking documents available on CEC website at:
http://www.energy.ca.gov/portfolio/pou_rulemaking/2014-RPS-01/
- Copies of rulemaking documents can also be obtained by contacting CEC staff



PROPOSED MODIFICATIONS TO REGULATIONS



Section 3201

- Revised definition of “bundled”
 - RECs associated with on-site use of electricity may be considered bundled if the eligible resource is owned by the POU retiring the REC
- Added definition of “resale” or “resold”
 - May be from any entity, not just from another RPS-obligated entity; resale of contracts only
- Revised definition of “Western Electricity Coordinating Council”
 - Clarifies relationship to NERC
- Renumbered various subdivisions to accommodate above addition



Section 3202

- Added subsection (a)(3)(C)
 - Clarifies how electricity products under a contract that met the criteria of section 3202 (a)(3) will be considered if the contract is subsequently amended
 - Consistent with the contract amendment rules outlined in section 3202 (a)(2)(B)



Section 3203

- Revised subsection (a)(1)(D)
 - For RECs from a resource with a dynamic transfer agreement to be classified as PCC 1, the associated electricity must be scheduled into a California balancing authority on an hourly or subhourly basis
 - Aligns electricity products procured under dynamic transfer agreements with other PCC 1 electricity products



Section 3204

- Revised subsection (a)(7)(C)
 - Averaging period to qualify for the exemption under PUC section 399.30 (j) changed from 7 to 20 years
 - Consistent with requirements for incremental hydro baseline in RPS Eligibility Guidebook



Section 3204, continued

- Added subsection (a)(10)
 - Implements requirements of SB 591
 - 20 year averaging period to qualify for exemption
 - Qualifying/calculating exemption based on qualifying hydro production, not what POU procures
 - Eligibility for exemption determined on compliance period basis.
 - Exemption does not excuse POU from portfolio balance requirements



Section 3206

- Revised subsection (a)(1)(A)(3)
 - Clarifies excess procurement calculation if contracts are amended to add time
- Added subsections (e) and (f)
 - Allows partial waivers of compliance related to delay of timely compliance, cost limitation, or portfolio balance requirement reduction



Section 3207

- Revised subsection (c)
 - Moved attestation requirement, for accuracy
 - POUs must report energy consumption by the POU to support retail sales verification
- Fixed minor grammar error in subsection (f)
- Added subsection (g)
 - Provides deadline for a POU to demonstrate that it meets the criteria of PUC section 399.30 (h)
- Added subsection (h)
 - Reporting requirements for a POU that meets the criteria of SB 591 - PUC section 399.30 (k)



Section 1240

- Revised subsection (d)
 - Lists potential mitigating factors that a POU may include in its answer to a formal complaint
 - List of mitigating factors not exhaustive, based on factors in H&S Code section 42403 (b)
- Revised subsection (g)
 - States that any notices of violation forwarded to the Air Resources Board may include suggested RPS penalties that would be comparable with penalties adopted by the California Public Utilities Commission for retail sellers



CALIFORNIA ENERGY COMMISSION

PRESENTATION FROM ARB



NEXT STEPS



Schedule

- May 11, 2015: written comments due – see NOPA
- June 10, 2015: proposed adoption at Business Meeting
- October 1, 2015: effective date of modified regulations



Staff Contacts

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